



# ANNUAL REPORT

For The Year Ended  
15th November 2022

## MIDF AMANAH ASSET MANAGEMENT BERHAD

Level 3A, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur

15 November 2022

Dear Unit Holders:

### FUND CATEGORY AND TYPE

Fund Category	Islamic Money Market
Fund Type	Income (Islamic)

### ASSET ALLOCATION AS AT 15 NOVEMBER 2022

Short Term Islamic Fixed Income Securities	0%
Islamic Money Market Instruments and Others	100%

### PERFORMANCE OF THE FUND

MIDF Amanah Shariah Money Market Fund II ("MASMMF II")	15/11/2022	15/11/2021	%
Net Asset Value ("NAV") (RM)	917,258,477	3,082,523,413	-70.24
NAV per Unit (RM), Ex-distribution (RM)	0.5005	0.5004	0.04

For the financial year ended 15 November 2022, the NAV was maintained at RM0.5000 per unit. The difference of 0.04% in the NAV per unit is the distribution payable for the period from 1 November 2022 to 15 November 2022, which will be declared in the next financial period of the Fund. The number of units in circulation decreased to 1.83 billion units as at 15 November 2022 from 6.16 billion units registered as at 15 November 2021. The Fund met its objective in providing capital stability with regular income returns through investments in short-term Islamic placements during the period under review. The Fund has declared and distributed a total income of 1.05 sen which translated to a net dividend yield of 2.09% p.a.

The Maybank Islamic Overnight Rate has been identified as the benchmark given that it is easily accessible and provides a good indicator on the performance of the Islamic Money Market ("IMM").

## **FIXED INCOME / SUKUK MARKET REVIEW**

During the period under review, the local government sukuk/bond market were sold off during 1Q 2022 with the overall benchmark yields jumped sharply, hit by a drastic shift in the interest rate expectations and a more aggressive tightening measures by the US Federal Reserve (“US Fed”). The Government Investment Issue (“GII”) / Malaysian Government Securities (“MGS”) yields surged by 23 basis points (bps) to 39 bps in tandem with higher US Treasuries (UST’s) due to soaring inflation, strong job markets and other economic data. The higher commodity prices namely in oil and food partly due to sanctions on Russia’s exports, and supply-chain bottlenecks continued to impact markets. The uprising yields in the domestic sukuk/bond market were further pressured following the additional Employees Provident Fund (“EPF”) withdrawal stimulus, which had a tainting effect to the sentiment. The MGS and GII 10-years benchmark were tested at the 4% threshold in March 2022, a level not seen since February 2019, but was snapped back to below 4% as of closing March 2022 at 3.85% and 3.97% respectively.

In 2Q 2022, the local sukuk/bond market remained volatile and continued to weaken alongside with the rise in US Treasuries (“UST”) yields. The benchmark GII/MGS shifted higher and increased by 33 to 64 bps across all tenure quarter-on-quarter (“q-o-q”) with the UST yields spiked between 58 to 74bps during the same quarter. Inflationary pressure in the United States (“US”), balance sheet runoff as well as Russia-Ukraine conflict among the main factors affecting local sukuk/bond market.

Meanwhile, in July 2022, the local government sukuk/bond traded on stronger footing with the overall benchmark yields trended lower between 1 to 42 bps for both MGS and GII, month-on-month. The long-end yield curve saw stronger movements as fears over aggressive US Fed rate hikes took a breather. The rally was also seen as a relief-rally following a widely expected 25bps hike by Bank Negara Malaysia (“BNM”) on 6 July 2022. However, the local sukuk/bond market ended weaker in September 2022 impacted by the continuous rising US Fed rate hike as well as the Overnight Policy Rate (OPR) rate hike by BNM.

As at end October 2022, the local sukuk/bond market generally ended firmer, although a tad more mixed in the MGS space following the central bank event risks. Both US Fed and BNM delivered hawkish hikes, prioritizing upside inflationary risks over downside growth risks, with volatility in financial markets, tightening financial conditions and protracted strong United States Dollar environment imposing some concerns.

On y-o-y basis, the overall MGS, benchmark yields increased significantly by 56 bps to 111 bps with 3-, 5-, 7-, 10-, 15- and 20-years closed at 3.79%, 4.17%, 4.25%, 4.37%, 4.62% and 4.81% respectively as at 31 October 2022. Similarly, the GII-segment also closed higher by 54 bps to 113 bps with the 3-, 5-, 7-, 10-, 15- and 20-years at 3.84%, 4.19%, 4.33%, 4.46%, 4.72% and 4.89% respectively.

## **INVESTMENT OUTLOOK AND STRATEGY**

The global policy rates continue to trend up after having retraced back to the pre-pandemic peak of 3.00%. Major central banks flagging further tightening ahead of rising headline and core inflation. UST direction will be driven by the US Fed interest rate hikes versus challenges to growth. GII/MGS yields may trend higher ahead of Budget 2023, in line with rising global bond yields. Similarly, foreign demand for domestic sukuk/bonds will likely remain pressured on the back of weak global sentiment, while the US Fed is widely expected to stay hawkish as it commits to reigning in inflation.

For Malaysian economy, the transition to endemicity and policy measures have contributed to the stronger growth performance in the first (5%) and second quarter (8.9%) of 2022. Going forward, indicators point to continued growth, underpinned by support from private sector spending.

Nonetheless, the growth outlook is biased to downside risks, including a weaker-than-expected global growth, elevated cost pressures, the potential energy crisis in Europe, worsening supply chain disruptions and sharp tightening in monetary policy. As widely expected, The Monetary Policy Committee (“MPC”) of BNM on 8th September 2022 decided to increase the OPR by 25bps to 2.50 percent.

With the positive growth prospects for the Malaysian economy remain intact, the MPC decided to further adjust the degree of monetary accommodation. We anticipate that there will be a potential OPR rate hikes of between 25bps to 50bps in 4Q 2022 on expectations of growth rebound and rising core inflation rate.

In the near term, GII/MGS yields may trend rangebound as market settles following BNM and Fed’s recent rate hike in September 2022. The quantum and number of rate hike exercises in the US based on inflationary conditions is believed to have been priced-into the local government sukuk space.

The Fund will continue investing in quality short-term Islamic money market instruments.

## CURRENT PROFILE OF UNITHOLDINGS BY SIZE

Size of Unitholdings	No. of Unit Holders	No. of Units Held	% of Unit Holders
5,000 and below	476	324,623	94.63
5,001 to 10,000	7	78,588	1.39
10,001 to 50,000	4	222,611	0.80
50,001 to 500,000	2	247,698	0.40
500,001 and above	14	1,831,643,383	2.78
	<b>503</b>	<b>1,832,516,903</b>	<b>100.00</b>

## PORTFOLIO COMPOSITION

	As At 15.11.2022 %	As At 15.11.2021 %	As At 15.11.2020 %
Short Term Islamic Fixed Income Securities	0.00	0.00	0.00
Islamic Money Market Instruments and Others	100.00	100.00	100.00
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

## PERFORMANCE DATA

		As at 15.11.2022	As at 15.11.2021	As at 15.11.2020
Net Asset Value (NAV)	[RM]	917,258,477	3,082,523,413	6,725,532,503
Units in Circulation	[Units]	1,832,516,903	6,160,609,868	13,451,063,844
NAV per Unit	[RM]	0.5000	0.5000	0.5000
Highest NAV*	[RM]	N/A	N/A	N/A
Lowest NAV*	[RM]	N/A	N/A	N/A
Total return:				
- Capital Growth	[%]	NIL	NIL	NIL
- Income Distribution		1.05	0.90	1.19
Total Expenses Ratio (TER) <sup>1</sup>	[%]	0.08	0.10	0.12
Portfolio Turnover Ratio (PTR) <sup>2</sup>	[X]	21.77	16.94	16.53

### Notes:

\* Not applicable as the NAV price is maintained at RM0.5000.

The Income Distributions for the Financial Year Ended 15th November 2022 are as follows:

No.	Date of Income Distribution	Income Distribution per unit (RM)
i)	30.11.2021	0.000713
ii)	31.12.2021	0.000769
iii)	31.01.2022	0.000803
iv)	28.02.2022	0.000682
v)	31.03.2022	0.000807
vi)	30.04.2022	0.000787
vii)	31.05.2022	0.000833
viii)	30.06.2022	0.000860
ix)	31.07.2022	0.000968
x)	31.08.2022	0.001028
xi)	30.09.2022	0.001036
xii)	31.10.2022	0.001162

1. The TER for 2022 is at 0.08%, slightly lower than previous year of 0.10%.
2. The Fund invested mainly in the placement of short-term deposit only.
3. The PTR for 2022 is at 21.77 times, as compared to 16.94 times in 2021.

## ANNUAL TOTAL RETURN

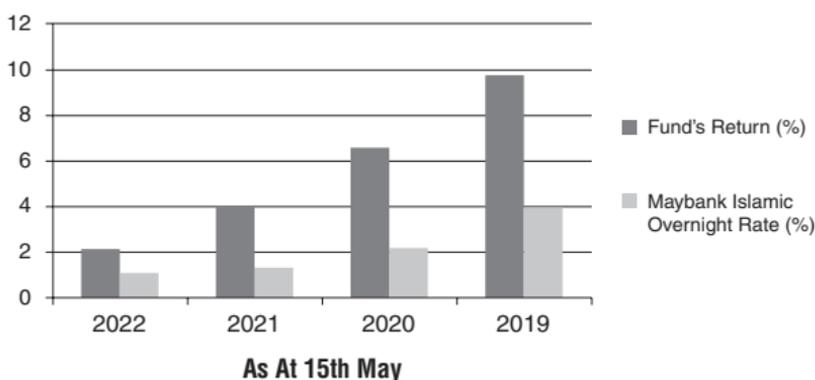
MIDF Amanah Shariah Money Market Fund II			
As At 15th November	2022	2021	2020
Fund's Return (%)*	2.17	1.90	2.50
# Maybank Islamic Overnight Rate (%)	1.10	0.25	0.84

\* The figure reported as above is the gross annual total return of the fund.

# Source : Maybank's website ([www.maybank2u.com.my](http://www.maybank2u.com.my))

Note: Effective 1 June 2018, Maybank Islamic Overnight Rate has been identified as new benchmark for MASMMF II subsequent to its conversion from a conventional fund to a Shariah-compliant fund. Therefore, data on the annual total return of the fund against its new comparable benchmark (i.e. Maybank Islamic Overnight Rate) for year 2018 and 2017 are not available.

## MIDF Amanah Shariah Money Market Fund II



### AVERAGE TOTAL RETURN

As at 15th Nov	* The Fund (%)	# Maybank Islamic Overnight Rate %
One year	2.17	1.10
Three years	6.57	2.19

\* The figure reported as above is the gross average total return of the fund.

# Source : Maybank's website ([www.maybank2u.com.my](http://www.maybank2u.com.my))

Note: Effective 1 June 2018, Maybank Islamic Overnight Rate has been identified as new benchmark for MASMMF II subsequent to its conversion from a conventional fund to a Shariah-compliant fund. Therefore, data on the average total return of the fund against its new comparable benchmark (i.e. Maybank Islamic Overnight Rate) for Five years are not available.

Average total return is derived using the following formula:

$$\frac{\text{Total Returns}}{\text{Number of Years Under Review}}$$

Investors are advised that the past performance of the Fund is not an indication of future performance. In addition, the unit price and investment return (if any) may go down as well as up.

Yours faithfully

**MIDF Amanah Asset Management Berhad**

**SHAN KAMAHL MOHAMMAD**

Director

Date: 30 December 2022

## MANAGER'S REPORT

The Manager has pleasure in submitting its report and the audited financial statements of the MIDF Amanah Shariah Money Market Fund II ("the Fund") for the financial year ended 15 November 2022.

## PRINCIPAL ACTIVITIES OF THE MANAGER

The principal activities of the Manager are the provision of Islamic fund management and investment advisory services.

There have been no significant changes in these principal activities during the financial year.

## INVESTMENTS OF THE FUND

The Fund currently invests in Islamic money market instruments.

## RESULTS

Net income after tax	<b>RM</b> <u>25,485,942</u>
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In the opinion of the Manager, the results of the operations of the Fund during the financial year has not been substantially affected by any item, transaction or event of a material and unusual nature.

## INVESTMENT OBJECTIVE

The Fund aims to provide investors with a regular income stream over the short-to-medium term that complies with Shariah requirements whilst maintaining capital stability.

## MANAGEMENT FEES

During the financial year, the Manager is entitled to a management fee of RM758,113 (2021: RM4,133,078). The Manager's fee is computed on a daily basis at 0.06% per annum (2021: 0.1% per annum from 16 November 2020 to 3 May 2021 and 0.06% per annum from 4 May 2021 onwards) of the Net Asset Value ("NAV") of the Fund before deducting the Manager's and Trustee's fees for that particular day.

## DISTRIBUTION

The Fund's distribution policy will be in line with the objective of the Fund. Distribution of income, if any, will be declared at the end of each month depending on the level of income (if any) generated by the Fund and at the discretion of the Manager. In the absence of written instructions to the contrary from the unit holders, any income distribution will be reinvested in the Fund. The reinvestments will be based on the NAV per unit (ex-distribution) at the close of the date the income distribution is declared. Sales charge will not be imposed on the reinvested income distribution.

During the financial year, an income distribution of RM26,704,398 was declared by the Fund (2021: RM85,684,039), while income distribution of RM26,704,398 was reinvested in the Fund (2021: RM90,414,138).

## **UNIT SPLIT**

No unit split was made during the financial year ended 15 November 2022 (2021: Nil).

## **CHANGES IN VALUE OF FUND**

The changes in value of the Fund are reflected in the statement of changes in equity.

## **POLICY ON STOCKBROKING AND SOFT COMMISSION**

It is our policy to return all rebates from stockbrokers to the Fund. However, soft commissions from stockbrokers (if any) will be retained by the Manager only if the goods and services are of demonstrable benefit to the unit holders.

The Manager received soft commissions from stockbrokers in the form of Islamic investment tools that were used to support investment decisions, research materials and data quotation services, e.g. Bloomberg, incidental to the investment management of the Fund.

## **DIRECTORS OF THE MANAGER**

The directors of the Manager since the inception of the Fund to the date of this report are:

Hasnah Omar

Datuk Joseph Dominic Silva

Tai Keat Chai

Hasman Yusri Yusoff

Norziana Mohd Inon (Appointed effective 27 May 2022)

Shan Kamahl Mohammad (Appointed effective 10 October 2022)

Ahlan Nasri Mohd Nasir (Resigned effective 2 March 2022)

Dato' Charon Wardini Mokhzani (Resigned effective 17 May 2022)

Mohamed Sany Mohamed Zainudin (Resigned effective 7 July 2022)

For and on behalf of the Manager

**MIDF Amanah Asset Management Berhad**

## **HASNAH OMAR**

Director

## **SHAN KAMAHL MOHAMMAD**

Director

Kuala Lumpur, Malaysia

Date: 30 December 2022

**TRUSTEE'S REPORT  
FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 2022**

To the Unit Holders of

**MIDF AMANAH SHARIAH MONEY MARKET FUND II**

We, AMANAHRAYA TRUSTEES BERHAD, have acted as Trustee of MIDF AMANAH SHARIAH MONEY MARKET FUND II for the financial year ended 15 November 2022. In our opinion, MIDF AMANAH ASSET MANAGEMENT BERHAD, the Manager, has operated and managed MIDF AMANAH SHARIAH MONEY MARKET FUND II in accordance with the limitations imposed on the investment powers of the management company under the Deed, securities laws and the applicable Guidelines on Unit Trust Funds during the financial year then ended.

We are also of the opinion that:

1. Valuation and pricing is carried out in accordance with the Deed and any regulatory requirement;
2. Creation and cancellation of units of are carried out in accordance with the Deed and any regulatory requirement; and
3. The distribution of income made by MIDF AMANAH SHARIAH MONEY MARKET FUND II as declared by the Manager is appropriate and reflects the investment objective of MIDF AMANAH SHARIAH MONEY MARKET FUND II.

Yours faithfully

**AMANAHRAYA TRUSTEES BERHAD**

**ZAINUDIN BIN SUHAIMI**

Chief Executive Officer

Kuala Lumpur, Malaysia

Date: 15 December 2022

**SHARIAH ADVISER'S REPORT  
FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 2022**

To the unit holders of

**MIDF AMANAH SHARIAH MONEY MARKET FUND II (“the Fund”)**

We hereby confirm the following:

- 1 To the best of our knowledge, after having made all reasonable enquiries, **MIDF AMANAH ASSET MANAGEMENT BERHAD** has operated and managed the Fund during the period covered by these financial statements in accordance with Shariah principles and complied with the applicable guidelines, rulings or decisions issued by the Securities Commission Malaysia pertaining to Shariah matters; and
- 2 The assets of the Fund comprise of Shariah-compliant securities and Islamic money market instruments that have been classified as Shariah-compliant by either the Shariah Advisory Council of the Securities Commission or that of Bank Negara Malaysia. The asset of the fund comprises of instruments that have been classified as Shariah-compliant.

The Shariah Committee backing MIDF Amanah Investment Bank Berhad as Shariah Adviser for **MIDF Amanah Shariah Money Market Fund II** consists of the following members:

**DR. MOHAMAD SABRI ZAKARIA**  
**ASSOC. PROF. DR. SITI SALWANI RAZALI**  
**DR. MUHAMMAD NAJIB ABDULLAH**  
**ENCIK AHMAD LUTFI ABDULL MUTALIP @ TALIB**

Signed on behalf of the members,

**DR. MOHAMAD SABRI ZAKARIA**  
Chairman, Shariah Committee  
**MIDF Amanah Investment Bank Berhad**

Date: 16 December 2022

## STATEMENT BY MANAGER

We, Hasnah Omar and Shan Kamahl Mohammad, being two of the directors of MIDF Amanah Asset Management Berhad, do hereby state that, in the opinion of the Manager, the accompanying financial statements set out on pages 15 to 34 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of MIDF AMANAH SHARIAH MONEY MARKET FUND II as at 15 November 2022 and of its financial performance, changes in equity and cash flows for the financial year then ended.

On behalf of the Manager

**MIDF Amanah Asset Management Berhad**

**HASNAH OMAR**

Director

**SHAN KAMAHL MOHAMMAD**

Director

Kuala Lumpur, Malaysia

Date: 30 December 2022

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of MIDF Amanah Shariah Money Market Fund II (“the Fund”), which comprise the statement of financial position as at 15 November 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 15 November 2022, and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence and other ethical responsibilities*

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Manager of the Fund (“the Manager”) is responsible for the other information. The other information comprises the information included in the Manager's report and annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Manager and Trustee for the financial statements*

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other matters**

This report is made solely to the unit holders of the Fund, as a body, in accordance with the Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA)  
& AF 0039  
Chartered Accountant

Yap Kah Foo  
No. 03574/05/2023 J  
Chartered Accountants

Kuala Lumpur, Malaysia  
Date: 30 December 2022

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 2022**

	<b>Note</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>INVESTMENT INCOME</b>			
Profit income from Islamic deposits with financial institutions		<u>26,517,400</u>	<u>93,049,160</u>
		<u>26,517,400</u>	<u>93,049,160</u>
<b>EXPENSES</b>			
Manager's fee	3	(758,113)	(4,133,078)
Trustee's fee	4	(252,704)	(985,533)
Auditors' remuneration		(4,000)	(3,500)
Tax agent's fee		(2,800)	(2,200)
Administrative expenses		<u>(13,841)</u>	<u>(23,045)</u>
		<u>(1,031,458)</u>	<u>(5,147,356)</u>
<b>Net income before tax</b>		<u>25,485,942</u>	<u>87,901,804</u>
Income tax expense	5	<u>-</u>	<u>-</u>
<b>Net income after tax representing total comprehensive income for the financial year</b>		<u><u>25,485,942</u></u>	<u><u>87,901,804</u></u>
Net income after tax is made up of the following:			
Net realised income		<u>25,485,942</u>	<u>87,901,804</u>
		<u>25,485,942</u>	<u>87,901,804</u>
Net distribution for the financial year	9(c)	<u>26,704,398</u>	<u>85,684,039</u>
Gross distribution per unit	9(c)	<u>0.0105</u>	<u>0.0089</u>
Net distribution per unit	9(c)	<u>0.0105</u>	<u>0.0089</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**STATEMENT OF FINANCIAL POSITION  
AS AT 15 NOVEMBER 2022**

	Note	2022 RM	2021 RM
<b>ASSETS</b>			
Islamic deposits with financial institutions	7	915,632,854	3,074,833,579
Other receivables		1,445,311	7,969,200
Cash at bank		274,782	81,276
<b>TOTAL ASSETS</b>		<u>917,352,947</u>	<u>3,082,884,055</u>
<b>LIABILITIES</b>			
Due to Manager		60,653	260,785
Due to Trustee		19,901	86,611
Other payables		13,916	13,246
<b>TOTAL LIABILITIES</b>		<u>94,470</u>	<u>360,642</u>
<b>EQUITY</b>			
Unit holders' capital	9(a)	916,067,701	3,080,114,181
Retained earnings	9(b), 9(c)	1,190,776	2,409,232
<b>TOTAL EQUITY REPRESENTING NET ASSET VALUE ("NAV") ATTRIBUTABLE TO UNIT HOLDERS</b>	9	<u>917,258,477</u>	<u>3,082,523,413</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>917,352,947</u>	<u>3,082,884,055</u>
<b>UNITS IN CIRCULATION</b>	9(a)	<u>1,832,516,903</u>	<u>6,160,609,868</u>
<b>NAV PER UNIT, EX-DISTRIBUTION (RM)</b>		<u>0.5005</u>	<u>0.5004</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 2022**

	<b>Unit holders' capital Note 9(a) RM</b>	<b>Retained earnings Note 9(b) and 9(c) RM</b>	<b>Total equity RM</b>
As at 16 November 2020	6,725,341,036	191,467	6,725,532,503
Total comprehensive income for the financial year	-	87,901,804	87,901,804
Creation of units from:			
- Sale	21,799,288,051	-	21,799,288,051
- Reinvestment of distribution	90,414,138	-	90,414,138
Cancellation of units	(25,534,929,044)	-	(25,534,929,044)
Distribution	-	(85,684,039)	(85,684,039)
As at 15 November 2021	<u>3,080,114,181</u>	<u>2,409,232</u>	<u>3,082,523,413</u>
As at 16 November 2021	3,080,114,181	2,409,232	3,082,523,413
Total comprehensive income for the financial year	-	25,485,942	25,485,942
Creation of units from:			
- Sale	6,610,933,126	-	6,610,933,126
- Reinvestment of distribution	26,704,398	-	26,704,398
Cancellation of units	(8,801,684,004)	-	(8,801,684,004)
Distribution	-	(26,704,398)	(26,704,398)
As at 15 November 2022	<u>916,067,701</u>	<u>1,190,776</u>	<u>917,258,477</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 15 NOVEMBER 2022**

	Note	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES</b>			
Islamic deposits and placements with licensed banks and other financial institutions with original maturity of more than 3 months		(44,827,974)	(1,070,064,522)
Proceeds from maturity of placements		1,070,064,522	693,282,819
Income from Islamic deposit placements received		33,041,289	93,877,965
Manager's fee paid		(958,245)	(4,800,779)
Trustee's fee paid		(319,414)	(1,084,620)
Audit fee paid		(3,500)	(3,500)
Payment for other fees and expenses		<u>(16,471)</u>	<u>(24,752)</u>
Net cash generated from/ (used in) operating and investing activities		<u>1,056,980,207</u>	<u>(288,817,389)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash proceeds for units created		6,610,933,126	21,799,288,051
Cash payment for units cancelled		<u>(8,801,684,004)</u>	<u>(25,534,929,044)</u>
Net cash used in financing activities		<u>(2,190,750,878)</u>	<u>(3,735,640,993)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,133,770,671)</b>	<b>(4,024,458,382)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>		<u>2,004,850,333</u>	<u>6,029,308,715</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<u>871,079,662</u>	<u>2,004,850,333</u>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank		274,782	81,276
Islamic deposits with financial institutions	7	<u>915,632,854</u>	<u>3,074,833,579</u>
		915,907,636	3,074,914,855
Less: Islamic deposits with original maturity of more than 3 months		<u>(44,827,974)</u>	<u>(1,070,064,522)</u>
		<u>871,079,662</u>	<u>2,004,850,333</u>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

**1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES**

MIDF Amanah Shariah Money Market Fund II (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 24 January 1984 and the various Supplemental Deeds between the Manager - Asia Unit Trusts Berhad (“AUTB”), the Trustee - Amanah Raya Berhad and the Registered Holders of the Fund. The Deed and its respective Supplemental Deeds were consolidated on 18 December 1998. The various Master Supplemental Deeds were executed on 1 November 2001 and 31 October 2002. The Fund will continue its operations until terminated by the Trustee as provided under Part 13.2 of the Master Supplemental Deed dated 1 November 2001. On 6 November 2008, the Fourth Master Supplemental Deed was executed between the Manager, Amanah Raya Berhad and AmanahRaya Trustees Berhad, whereby Amanah Raya Berhad will transfer and assign its rights, duties and obligation under the Master Deed with respect to the Fund and its assets to AmanahRaya Trustees Berhad. The effective date of the transfer was 28 November 2008.

AUTB, MIDF Amanah Asset Management Berhad and AmanahRaya Trustees Berhad had entered into a novation agreement dated 18 November 2009 to transfer and assign the management of the Fund to MIDF Amanah Asset Management Berhad, all the rights, duties and obligations on and from the date the Master Supplemental Deed of the Fund has been registered with the Securities Commission (“SC”) or such other date as may be agreed by the Parties hereto. The effective date of the transfer was 1 January 2010 and subsequently, the Fund changed its name to MIDF Amanah Bond Fund. The principal activity of the Fund is to invest in Authorised Investments as defined in the Deed, which includes Islamic money market instrument, sukuk, placement of Islamic deposit with financial institutions and any other types of Shariah-compliant investments as may be permitted by the SC from time to time.

The Sixth Master Supplement Deed related to the Fund was registered with SC on 18 October 2010. Effective 1 January 2011, the Fund changed its name to MIDF Amanah Money Market Fund.

The Seventh Master Supplement Deed related to the Fund dated 6 June 2013 was registered with the SC accordingly and effective from the same date, the Fund changed its distribution policy to be in line with the Fund’s objective.

The Eight Master Supplement Deed dated 17 December 2013 registered with the SC did not reflect any changes related to the Fund. The changes stated therein were on other Funds.

The Ninth Master Supplement Deed related to the Fund dated 20 March 2015, which was registered with SC accordingly has effected the implementation of Goods and Services Tax Act 2014 on 1 April 2015.

## **1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES (CONT'D.)**

The Tenth Master Supplement Deed related to the Fund dated 12 April 2018 was registered with the SC accordingly and effective from the same date, the Fund changed its name from MIDF Amanah Money Market Fund to MIDF Amanah Shariah Money Market Fund II.

The Manager, MIDF Amanah Asset Management Berhad, a company incorporated in Malaysia, is a wholly-owned subsidiary of Malaysian Industrial Development Finance Berhad, whereas, Permodalan Nasional Berhad (“PNB”) and Yayasan Pelaburan Bumiputra (“YPB”) are the penultimate and ultimate holding companies, respectively. The holding companies are incorporated in Malaysia.

The principal activities of the Manager are the provision of fund management and investment advisory services.

The financial statements were approved and authorised for issue by the Board of Directors of the Manager in accordance with a resolution of the Directors on 30 December 2022.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of preparation**

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”).

The financial statements of the Fund have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The financial statements are presented in Ringgit Malaysia (“RM”), which is the Fund’s functional currency.

### **(b) New standards and amendments issued**

The Fund has adopted the Standards, Amendments to Standards and Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) which have become effective during the financial year. The adoption of the new pronouncements did not result in any material impact to the financial statements.

As at the date of authorisation of these financial statements, the following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective and have not been adopted by the Fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (b) New standards and amendments issued (Cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle	1 January 2022
MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17: <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Fund plans to adopt the above pronouncements when they become effective in the respective financial years. These pronouncements are expected to have no significant impact to the financial statements of the Fund upon their initial application.

### (c) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (“FVTPL”), directly attributable transaction costs.

The Fund determines the classification of its financial assets at initial recognition.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (c) Financial assets (Cont'd.)

#### (i) Financial assets at FVTPL

A financial asset is measured at FVTPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit ("SPPP") on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured At FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'. Profit earned and dividend revenue elements of such instruments are recorded separately in 'Profit income' and 'Dividend income', respectively. Exchange differences on financial assets at FVTPL are not recognised separately in profit or loss but are included in net gains or net losses on changes in fair value of financial assets at FVTPL.

#### (ii) Financial assets at amortised cost

Financial assets at amortised cost are those financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are SPPP on the principal amount outstanding. The Fund includes short term receivables and Islamic deposits with financial institutions in this classification.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective profit rate method. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (d) Impairment of financial assets

The Fund holds financial assets with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for Expected Credit Losses (“ECL”) under MFRS 9 to all its financial assets. Therefore, the Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECL at each reporting date.

The Fund’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### (e) Classification of realised and unrealised gains and losses

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior period’s unrealised gains and losses for financial instruments which were realised (i.e. sold, redeemed or matured) during the reporting year.

Realised gains and losses on disposals of financial instruments classified as part of FVTPL are calculated using weighted average method. They represent the difference between an instrument’s initial carrying amount and disposal proceeds.

### (f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

The Fund’s financial liabilities which include trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective profit rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (g) Unit holders' capital

The unit holders' contributions to the Fund meet the definition of puttable instruments classified as Shariah-compliant equity instruments under the revised MFRS 132 Financial Instruments: Presentation.

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unit holders by way of distribution and/or adjusted accordingly when units are cancelled.

### (h) Dividend distribution

Dividend distributions are at the discretion of the Fund. A dividend distribution to the Fund's unit holders is accounted for as a deduction from realised reserves except where dividend is sourced out of distribution equalisation which is accounted for as a deduction from unit holders' capital. A proposed dividend is recognised as a liability in the period in which it is approved.

### (i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances and Islamic deposits and Islamic placements with banks and other financial institutions with original maturity of three months or less, which are subject to insignificant risk of changes in value.

### (j) Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the income can be reliably measured. Income is measured at the fair value of consideration received or receivable.

Profit income from Islamic deposits with financial institutions is recognised using the effective profit rate method.

### (k) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

No deferred tax is recognised as there are no material temporary differences.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (l) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The operating results are regularly reviewed by the Investment Manager and the Investment Committee. The Fund Manager assumes the role of chief operating decision maker, for performance assessment purposes and to make decisions about resources allocated to the segment.

### (m) Significant accounting estimates and judgments

The preparation of the Fund's financial statements requires the Manager to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 3. MANAGER'S FEE

The Manager's fee is computed on a daily basis at 0.06% per annum (2021: 0.1% per annum from 16 November 2020 to 3 May 2021 and 0.06% per annum from 4 May 2021 onwards) of the NAV of the Fund before deducting the Manager's and Trustee's fees for that particular day.

## 4. TRUSTEE'S FEE

The Trustee's fee is computed on a daily basis at 0.02% (2021: 0.02%) per annum of the NAV of the Fund before deducting the Manager's and Trustee's fee for that particular day.

## 5. INCOME TAX EXPENSE

	2022 RM	2021 RM
Charge for the financial year	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial year.

The tax charge for the financial year is in relation to the taxable income earned by the Fund after deducting tax allowable expenses. In accordance with Schedule 6 of the Income Tax Act 1967, profit income earned from licensed banks and financial institutions is exempted from tax.

## 5. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Fund is as follows:

	<b>2022</b> <b>RM</b>	<b>2021</b> <b>RM</b>
Net income before tax	25,485,942	87,901,804
Tax at Malaysian statutory rate of 24%	6,116,626	21,096,433
Effect of income not subject to tax	(6,364,176)	(22,331,799)
Expense not deductible for tax purposes	247,550	1,235,366
Tax expense for the financial year	-	-

## 6. ZAKAT FOR THE FUND

The Manager does not pay zakat on behalf of its unit holders. Thus, unit holders are advised to pay zakat on their own.

## 7. ISLAMIC DEPOSITS WITH FINANCIAL INSTITUTIONS

	<b>2022</b> <b>RM</b>	<b>2021</b> <b>RM</b>
Islamic deposits with:		
Licensed Islamic banks	846,617,050	2,846,647,887
Licensed investment banks	69,015,804	228,185,692
	915,632,854	3,074,833,579

The weighted average effective profit rate for the Islamic deposits as at 15 November 2022 is 3.00% (2021: 1.88%) per annum. The average maturity of the Islamic deposits as at 15 November 2022 is 19 days (2021: 14 days).

## 8. SHARIAH INFORMATION OF THE FUND

The Shariah Adviser has confirmed that the investments portfolio of the Fund is Shariah-compliant, which comprises of Islamic cash placements and liquid assets in local market, and which are placed in Shariah-compliant investment.

## 9. TOTAL EQUITY

	<b>2022</b> <b>RM</b>	<b>2021</b> <b>RM</b>
Unit holders' capital	916,067,701	3,080,114,181
Retained earnings		
- Realised and distributable	1,190,776	2,409,232
Total equity	917,258,477	3,082,523,413

## 9. TOTAL EQUITY (CONT'D)

### (a) Unit holder's capital

	2021		2020	
	No. of units	RM	No. of units	RM
As at the beginning of the financial year	6,160,609,868	3,080,114,181	13,451,063,844	6,725,341,036
Creations of units:				
- Sale	13,221,866,252	6,610,933,126	43,598,576,102	21,799,288,051
- Reinvestment of distribution	53,408,794	26,704,398	180,828,010	90,414,138
Cancellation of units	(17,603,368,011)	(8,801,684,004)	(51,069,858,088)	(25,534,929,044)
As at the end of the financial year	<u>1,832,516,903</u>	<u>916,067,701</u>	<u>6,160,609,868</u>	<u>3,080,114,181</u>

### (b) Realised and distributable

	2022 RM	2021 RM
As at the beginning of the financial year	2,409,232	191,467
Total comprehensive income for the financial year	25,485,942	87,901,804
Distribution	<u>(26,704,398)</u>	<u>(85,684,039)</u>
As at the end of the financial year	<u>1,190,776</u>	<u>2,409,232</u>

### (c) Distribution

Detail of distributions to unit holders during the financial year are as follows:

2022		Distribution per unit RM	Total Distribution RM
Distribution Ex-date	Reinvestment date		
30.11.2021	1.12.2021	0.0007	4,654,552
31.12.2021	1.1.2022	0.0008	3,949,586
31.1.2022	1.2.2022	0.0008	2,734,055
28.2.2022	1.3.2022	0.0007	2,137,739
31.3.2022	1.4.2022	0.0008	2,001,479
30.4.2022	1.5.2022	0.0008	2,261,048
31.5.2022	1.6.2022	0.0008	1,807,314
30.6.2022	1.7.2022	0.0009	1,157,085
31.7.2022	1.8.2022	0.0010	1,154,385
31.8.2022	1.9.2022	0.0010	1,542,191
30.9.2022	1.10.2022	0.0010	1,488,222
31.10.2022	1.11.2022	0.0012	1,816,742
		<u>0.0105</u>	<u>26,704,398</u>

## 9. TOTAL EQUITY (CONT'D.)

### (c) Distribution (Cont'd.)

2021		Distribution	Total
Distribution Ex-date	Reinvestment date	per unit RM	Distribution RM
16.11.2020	1.12.2020	0.0003	4,792,682
31.12.2020	1.1.2021	0.0007	10,822,499
31.1.2021	1.2.2021	0.0008	10,073,457
28.2.2021	1.3.2021	0.0007	7,584,151
31.3.2021	1.4.2021	0.0008	10,128,630
30.4.2021	1.5.2021	0.0008	7,511,189
31.5.2021	1.6.2021	0.0008	6,511,817
30.6.2021	1.7.2021	0.0008	5,829,776
31.7.2021	1.8.2021	0.0008	5,546,777
31.8.2021	1.9.2021	0.0008	6,077,888
30.9.2021	1.10.2021	0.0008	5,337,555
31.10.2021	1.11.2021	0.0008	5,467,618
		<u>0.0089</u>	<u>85,684,039</u>

As at 15 November 2022, the gross and net distribution per unit is RM0.0105 based on total units in circulation as at reporting date and total distribution of 1,832,516,903 units and RM26,704,398 respectively (2021: gross and net distribution per unit of RM0.0089 based on total units in circulation as at reporting date and total distribution of 6,160,609,868 units and RM85,684,039 respectively).

The distribution during the financial year was made from the following sources:

	2022 RM	2021 RM
Investment income	26,517,400	90,831,395
Prior financial year realised income	1,218,456	-
Less: Expenses	<u>(1,031,458)</u>	<u>(5,147,356)</u>
Total income distribution for the financial year	<u>26,704,398</u>	<u>85,684,039</u>

## 10. UNITS HELD BY MANAGER

For the financial year ended 15 November 2022 and 15 November 2021, no units were held by the Manager.

## 11. TRANSACTIONS WITH DEALERS

For the financial year ended 15 November 2022 and 15 November 2021, no transactions were transacted with dealers.

## 12. TOTAL EXPENSE RATIO (“TER”)

The TER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses included Manager’s fee, Trustee’s fee, auditors’ remuneration, tax agent’s fee and other administrative expenses. For the financial year ended 15 November 2022, the TER of the Fund stood at 0.08% (2021: 0.10%).

## 13. PORTFOLIO TURNOVER RATIO (“PTR”)

The PTR of the Fund is the ratio of the average acquisitions and disposals of the Fund for the financial year to the average NAV of the Fund. For the financial year ended 15 November 2022, the PTR of the Fund stood at 21.77 times (2021: 16.94 times).

## 14. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The Fund’s financial assets and financial liabilities are measured on an ongoing basis at amortised cost as well as fair value based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses are recognised:

- (a) all of the Fund’s financial assets, comprising Islamic deposits with financial institutions, cash at bank and other receivables, are classified as financial assets which are measured at amortised cost; and
- (b) all of the Fund’s financial liabilities, comprising sundry creditors, amount due to Manager and amount due to Trustee, are classified as other financial liabilities which are measured at amortised cost.

Total profit income recognised on the Fund’s financial assets is disclosed in the statement of comprehensive income. The Fund does not have any financial assets or financial liabilities which are carried at fair value.

### (b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The carrying amounts of the Fund’s financial instruments approximate their respective fair values due to the short term maturities of these instruments.

## **15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES**

### **(a) Introduction**

The Fund maintains investment portfolios in Islamic money market instruments as dictated by its Trust Deed and investment management strategy.

The Fund is exposed to a variety of risks including profit rate risk, credit risk, and liquidity risk. Whilst these are the most important types of financial risks inherent in each type of financial instrument, the Manager and the Trustee would like to highlight that this list does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks. Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

### **(b) Risk management structure**

The Fund's Manager is responsible for identifying and managing risks. The Board of Directors of the Manager is ultimately responsible for the overall risk management approach within the Fund.

### **(c) Risk measurement and reporting system**

Monitoring and managing risks is primarily set up to be performed based on limits established by the Manager (and Investment Manager, if applicable) and Trustee. These limits reflect the Islamic investment strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. In addition, the Fund monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risks type and activities.

### **(d) Risk mitigation**

The Fund has Islamic investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Manager also has a Compliance Department to ensure that the Fund complies with the various regulations and guidelines as stipulated in its Trust Deed, the Securities Commission's Guidelines on Unit Trust Funds and the Capital Markets and Services Act 2007.

It is, and has been throughout the current and previous financial years, the Fund's policy that no derivatives shall be undertaken for either investment risk management purposes or for trading.

## 15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (e) Profit rate risk

Profit rate risk is uncertainties resulting from fluctuations in the prevailing level of market profit rates on its Islamic investments and financial position.

As at reporting date, the Fund has no floating rate financial instruments and thus does not have significant exposure to profit rate risk.

### (f) Credit risk

#### Credit concentration

Credit concentration risk is associated with the number of underlying investments or financial institutions which a Fund invests in or place deposits with. As the Fund is actively managed, investing at least 90% of its NAV in Islamic deposits, Islamic money market instruments and/or short-term Islamic debt instruments, all of which have a remaining maturity period of not more than 365 days, up to 10% of the fund NAV will be invested in Islamic short term debt instruments which have a remaining maturity period of more than 365 days but less than 732 days, such asset allocation allows for strategic switching of assets to protect the overall value of the Fund when necessary.

As at reporting date, the Fund placed Islamic deposits with a number of financial institutions. Thus, the Fund does not have significant exposure to credit concentration risk.

#### Credit default

This refers to the creditworthiness of the respective Islamic financial institutions which Islamic deposits are placed with and their ability to make timely payment of principal and profit. If the Islamic financial institutions become insolvent, the Fund may suffer capital losses with regards to the capital invested and profit foregone, causing the performance of the Fund to be adversely affected.

As at reporting date, the Fund placed Islamic deposits with reputable financial institutions.

### (g) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unit holders by the Manager are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's Trust Deed.

## 15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (g) Liquidity risk (cont'd.)

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund also manages its obligation to redeem units when required to do so and its overall liquidity risk by requiring a 3-day notice period before redemptions.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unit holders. Liquid assets comprise cash, Islamic deposits with Islamic financial institutions and other Shariah-compliant instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's financial assets, financial liabilities and NAV attributable to unit holders in order to provide a complete view of the Fund's contractual commitments and liquidity.

	<b>Less than 1 month RM</b>	<b>&gt; 1 to 6 month RM</b>	<b>Total RM</b>
<b>2022</b>			
<b>Financial assets:</b>			
Islamic deposits with financial institutions	866,404,513	49,228,341	915,632,854
Other financial assets	2,085,682	661,442	2,747,124
Total undiscounted financial assets	<u>868,490,195</u>	<u>49,889,783</u>	<u>918,379,978</u>
<b>Financial liabilities:</b>			
Other financial liabilities	94,470	-	94,470
Total undiscounted financial liabilities	<u>94,470</u>	<u>-</u>	<u>94,470</u>
NAV attributable to unit holders	<u>917,258,477</u>	<u>-</u>	<u>917,258,477</u>
Liquidity (gap)/surplus	<u>(48,862,752)</u>	<u>49,889,783</u>	<u>1,027,031</u>

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(g) Liquidity risk (Cont'd.)

	Less than 1 month RM	> 1 to 6 months RM	Total RM
<b>2021</b>			
<b>Financial assets:</b>			
Islamic deposits with financial institutions	2,004,769,057	1,070,064,522	3,074,833,579
Other financial assets	<u>2,148,353</u>	<u>8,378,997</u>	<u>10,527,350</u>
Total undiscounted financial assets	<u>2,006,917,410</u>	<u>1,078,443,519</u>	<u>3,085,360,929</u>
<b>Financial liabilities:</b>			
Other financial liabilities	<u>360,642</u>	-	<u>360,642</u>
Total undiscounted financial liabilities	<u>360,642</u>	-	<u>360,642</u>
NAV attributable to unit holders	<u>3,082,523,413</u>	-	<u>3,082,523,413</u>
Liquidity (gap)/surplus	<u>(1,075,966,645)</u>	<u>1,078,443,519</u>	<u>2,476,874</u>

## **16. CAPITAL MANAGEMENT**

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund's approved fund size and units in issue at the end of the financial year are disclosed in Note 9(a).

The Fund's objectives for managing capital are:

- (a) To invest in Islamic investments meeting the description, risk exposure and expected return indicated in its prospectus;
- (b) To achieve consistent returns while safeguarding capital by using various Islamic investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to make the operation of the Fund cost-efficient.

No changes were made to the capital management objectives, policies or processes during the current financial year.

## **17. SEGMENT INFORMATION**

The Manager of the Fund is responsible for allocating resources available to the Fund in accordance with the overall Islamic investment strategies as set out in the Investment Guidelines of the Fund.

The Fund invests only in short term Islamic deposits and all of its investments are located in Malaysia, therefore disclosure by business and geographical segment is not presented.

## CORPORATE INFORMATION

<b>MANAGER</b>	MIDF Amanah Asset Management Berhad Registration Number: 197201000162 (11804-D)
<b>REGISTERED OFFICE</b>	Level 21, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8888
<b>BUSINESS OFFICE</b>	Level 3A, Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur Tel: 03 - 2173 8488 (Customer Service Line) Fax: 03 - 2173 8555 E-mail: midfamanah@midf.com.my Website: www.midf.com.my/index.php/en/what-we-do-en/asset-management
<b>TRUSTEE</b>	AmanahRaya Trustees Berhad (766894-T) Level 14, Wisma AmanahRaya, No. 2, Jalan Ampang, 50508 Kuala Lumpur
<b>BOARD OF DIRECTORS</b>	Hasnah Omar – Chairman Datuk Joseph Dominic Silva Tai Keat Chai Hasman Yusri Yusoff Norziana Mohd Inon (appointed effective 27 May 2022) Shan Kamahl Mohammad (appointed effective 10 October 2022) Ahlan Nasri Mohd Nasir (resigned effective 2 March 2022) Dato' Charon Wardini Mokhzani (resigned effective 17 May 2022) Mohamed Sany Mohamed Zainudin (resigned effective 7 July 2022)
<b>OVERSIGHT COMMITTEE MEMBERS</b>	Yusri Yusoff - Chairman Tai Keat Chai Sheikh Shahrudin Sheikh Salim (appointed effective 1 March 2022) Ahlan Nasri Mohd Nasir (resigned effective 1 January 2022)
<b>BOARD AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS</b>	Tai Keat Chai – Chairman Hasman Yusri Yusoff Norziana binti Mohd Inon (appointed effective 15 August 2022) Hasnah Omar (resigned effective 15 August 2022)
<b>COMPANY SECRETARIES</b>	Hadidah Amin (LS 05402) Lailatul Mardhiyah Said Abdullah [LS0010110] Nor Azita Sarip (MAICSA 7048861)
<b>AUDITOR</b>	Ernst & Young Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, 50490 Kuala Lumpur
<b>TAX ADVISER</b>	Ernst & Young Tax Consultants Sdn Bhd Level 23A, Menara Milenium, Jalan Damanlela Pusat Bandar Damansara, 50490 Kuala Lumpur

## CORPORATE INFORMATION (CONT'D.)

**SHARIAH  
ADVISER** MIDF Amanah Investment Bank Berhad (23878-X)  
(Shariah Committee)  
Level 21, Menara MIDF, 82 Jalan Raja Chulan,  
50200 Kuala Lumpur

**PRINCIPAL  
BANKERS** Malayan Banking Berhad (3813-K)  
Menara Maybank, Jalan Tun Perak,  
50050 Kuala Lumpur  
OCBC Bank (Malaysia) Berhad (295400-W)  
18th Floor, Menara OCBC,  
18, Jalan Tun Perak,  
50050 Kuala Lumpur



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